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Canadian Oilseeds

Japan's Booming Pet Food Industry

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This week's cover:

Experimental feeding of beagles by a Japanese pet food manufacturer. Although a wide range of foods are available to Japanese pet owners, dog food makes up about 80 percent of total commercial output. See article beginning page 10.

Combines working in a Canadian rapeseed field.

Canada's Oilseed Crushers Expand To Meet Domestic, Export Demands

By WILLIAM J. MILLS
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THE CANADIAN oilseed processing industry—aided by some Provincial Governments—is trying to boost domestic sales of oilseed products as well as strengthen Canada's world-market position as a source of vegetable oils, and cake and meal.

New crushing plants are planned and some existing ones are being enlarged. A food product combining meat and soy protein is currently being market-tested and possible use of other foods, consisting partly of vegetable protein, is being investigated. A court test is being made of the Canadian Wheat Board's right to limit rapeseed deliveries and increased emphasis is being given to exports of seed oils and meals.

Agra Vegetable Oil Products, Ltd., of Nipawan, Saskatchewan, recently made Canada's first sale of crude rapeseed oil to Chile in January 1973. The 11,000-ton, $3-million sale[1] was worked out when Agra sent members of its marketing staff to South America. The sale was in cash, negotiated in Canadian dollars rather than U.S. currency, the usual medium in offshore transactions.

Although Canada instituted export licensing controls on soybeans, rapeseed, and flaxseed, and their oils, cakes, and meals, effective June 29, 1973, export shipments—except of soybeans and products—contracted before that date continued undisturbed, and crushers looked forward to other large export sales similar to the one to Chile.

Crushers are erecting seed oil tanks and facilities at several Canadian ports. An oil tank is available at Vancouver, but none yet at Thunder Bay or eastern ports. Canada will not be fully competitive with the United States in third countries until these tanks are constructed and other adjustments made in the marketing system.

Canada hopes to become a regular oil supplier to other countries in South America, to some along the Pacific rim, and to India. It also wants to boost shipments to its traditionally important markets in Mexico and the United Kingdom.

Canada's major rapeseed and rapeseed cake and meal markets are in Western Europe and Japan.

Another indication of Canada's increased attention to rapeseed oil and product exports is a recent change in the method of reporting export data.

Prior to January 1973, rapeseed oilcake and meal and rapeseed oil exports were tabulated by Statistics Canada under the general category heading n.e.s. (not elsewhere specified). Now exports of rapseed oilcake and meal and rapeseed oil are reported by Canada under their own tariff classifications—153.51

[1] Because the exchange rate between Canadian and U.S. currency was so close —Can$1=US$1.002 at the time this article was written—conversions have been made on a 1-to-1 basis.

and 393.56, respectively.

Except in the case of soybeans—virtually all coming from the United States—Canada's oilseed processing industry depends on availability of domestically-produced oilseeds, production of which has increased dynamically during the past decade. The country's four major oilseed crops are rapeseed, flaxseed, soybeans, and sunflowerseed, in that order.

The greatest oilseed-production growth in terms of volume and percentage during the past 10 years was in rapeseed. Output increased from less than 6 million bushels in 1962-63 to 95 million bushels in 1971-72, an output 15 times larger. The next largest percentage increase occurred in sunflowerseed production, growing from about 580,000 bushels to almost 6 million during that period (nearly 9 times larger). Smallest volume gain was in soybeans which, with an output going from 7 million to 10 million bushels, had the next largest percentage growth. Flaxseed outturn, ranging from 16 million to 49 million bushels in 1970-71, dropping off to 22 million a year later, represented the smallest percentage gain.

Domestic rapeseed crush during the 1962-71 decade mounted from 1.6 million bushels to 12 million. Flaxseed crush, by contrast, remained nearly stable, ranging from 2.5 million to 3.1 million bushels during that period. Domestic sunflowerseed crush advanced from less than 90,000 bushels to 2.3 million.

In the case of soybeans, the crush increased from 17.9 million bushels in 1962-63 to about 23 million in 1971-72.

During the past 10 seasons, Canada's domestic crush as a percentage of production averaged 13 percent for flaxseed, 20 percent for rapeseed, and 55 percent for sunflowerseed. Canada is a net importer of soybeans and produces less than half the beans it crushes domestically. In 1972, Canada imported 11.3 million bushels of U.S. soybeans.

Since 1963, the number of Canada's oilseed processing plants has declined from 14 to 10. Of the existing plants, one each is located in Manitoba and Alberta Provinces, two each in Saskatchewan and Quebec, and four in Ontario. Six of these process just one type of oilseed, the rest two or more.

A recently formed company—Alberta Rapeseed Processors, Ltd.—has announced its intention to construct a rapeseed crushing plant costing some $6.5 million and scheduled for opening in 1974. Financed entirely from private funds, the plant will have a daily crushing capacity of 500 tons, slightly less than Alberta's other plant at Lethbridge.

Businessmen in other areas of Alberta have also indicated an interest in construction of similar facilities. They are being encouraged by the Alberta Agriculture Minister who wants to build five other plants in the next 10 years to bring the Province's total to seven.

The Vegetable Oil Division, Saskatchewan Wheat Pool, has increased its oilseed processing capacity from 100 tons to 300 tons daily by expanding its existing plant and putting into operation a new plant adjacent to the old one. This was done despite the Division's belief that expansion in Canada's western Provinces has tripled crushing capacity in that region—to a higher level than is required by the market in the foreseeable future.

ANOTHER PLANT expansion is taking place in Manitoba.

Last year the Provincial Government asked Co-op Vegetable Oils, Ltd., to devise guidelines and conditions under which Manitoba's oilseed crushing facilities could be expanded. The Co-op's plan was accepted and now it will enlarge its own plant at a total projected cost of $4-5 million over the next 3-5 years.

Canada's oilseed processing capacity is expected to double during the next 5 to 10 years. Plants constructed in the future will most likely specialize in rapeseed and/or sunflowerseed crushing. No soybean processing facilities are expected to be built; Canada at present has substantial excess soybean capacity. However, new equipment to process high-protein concentrates (or isolates) is likely to be installed.

It is also unlikely new investments will be made for flaxseed crushing. Should such facilities be built, export markets for the resulting linseed oil would be difficult to find.

The processing capacity of individual Canadian crushing plants is not known at present. But it may be possible to arrive at a close estimate based on the highest monthly crush achieved during the recent past. An extension of this figure for an effective 11-month operating period indicates an oilseed processing capacity of 3.4 million bushels for flaxseed, 18 million for rapeseed, 38.6 million for soybeans, and 2.6 million for sunflowerseed.

During the 1971-72 marketing year, industry utilization of estimated processing capacity was 90 percent for flaxseed, 67 percent for rapeseed, 60 percent for soybeans, and 90 percent for sunflowerseed.

It is not possible, however, to arrive at an industry total by adding individual processing capacities. As already indicated, some facilities process more than one type of oilseed.

It is also nearly impossible to arrive at a gross processing margin for individual plants or for the industry as a whole. Complete price data are unavailable for oilseeds delivered at plant locations or for oilseed products, f.o.b. plant. It is possible, however, to trace the trend in processing margins for each of the important oilseeds and to fix each seed's position in relation to the others.

During the most recent 5-year period for which data are available (1967-71) the estimated processing margins were highest for flaxseed at $1.75 per bushel in 1971-72. Flax margins increased 25 percent during that time.

Soybean processing appeared to have the second highest gross margin, although the level fluctuated during the period and ended at 82 cents per bushel. Processing margins for rapeseed have shown the greatest growth of any of the oilseeds, increasing over 80 percent. In 1971-72, rapeseed processing margins were estimated at 81 cents per bushel. On a per-ton-of-seed-processed basis, gross rapeseed margins exceed those of soybeans.

CANADA'S OILSEED PROCESSING: ESTIMATED CAPACITY AND UTILIZATION

Oilseed	Month of largest crush	Estimated processing capacity [1]	1971 [2] Amount processed	1971 [2] Amount of capacity utilized
		1,000 bu.	*1,000 bu.*	*Percent*
Flaxseed	Oct. 1971	3,428	3,101	90.5
Rapeseed	Mar. 1973	18,009	12,050	66.9
Soybeans	Aug. 1971	38,630	23,314	60.4
Sunflowerseed	Jan. 1973	2,589	2,332	90.1

[1] Based on largest monthly crush, assuming an 11-month-per-year effective operating season. [2] Crop year beginning Aug. 10.

Oil outturn per ton of seed processed declined for both flaxseed and rapeseed during the 5-year period, with a corresponding increase in meal outturn. This relationship would tend to reduce gross processing margins since value per pound of oil is substantially higher than that of meal.

A major use of rapeseed oil in Canada is in margarine production. Growing largely at the expense of butter, domestic consumption of margarine has increased from 8.67 pounds per capita in 1965 to 9.69 pounds in 1972. Butter use during the same period declined from 18.10 pounds per capita to 14.50 pounds. This, however, was still higher than the 13 pounds used in both 1970 and 1971.

The decline in butter consumption would have been greater were it not for rules on margarine coloring. Most Provincial regulations provide margarine color must be less than No. 3 red and not greater than No. 12 red. This insures margarine cannot have a yellow "buttery" appearance similar to the dairy product.

ALBERTA, British Columbia, Newfoundland, Saskatchewan, and Quebec have recently removed margarine coloring restrictions. Ontario, one of Canada's more populous Provinces—and also a major dairy area—has yet to remove the coloring limitation. When it does, competition from butter will be less and rapeseed oil margarine sales will climb.

The change in regulations limiting the use of protein concentrates (or isolates) as a meat extender will also help Canada's crushing industry.

Up to the present time, the Department of National Health and Welfare has prohibited blending more than 4 percent cereal in meat products. Recently, however, a major chain store in Ottawa was permitted to introduce a meat-soya product as a move to combat relatively high meat prices.

Called Super Burger, the new product contains 75 percent meat and 25 percent soy protein and is about 25 percent cheaper than the all-meat product. Other cities have introduced similar products for sale at reduced prices, and health officials are revising regulations to permit the blending of other vegetable proteins with meat products.

Agra Vegetable Oil Products, Ltd., has also announced it is examining the possibility of manufacturing edible protein from rapeseed. If discussions are successful with European manufacturers controlling the rapeseed-protein extraction process a protein plant may be located in Saskatchewan.

Agra also believes that protein from soybeans and other crops has an unrealized potential as an extender of meat in view of rising costs and inadequate world protein supplies.

New varieties of sunflowerseed and rapeseed, expected to be ready for commercial exploitation in 5 years, are now being developed at the Agricultural Canada Research Stations in Manitoba and Saskatchewan. These could have substantial impacts on production and utilization of these two oilseeds.

Workers at the Manitoba Station report field tests of the sunflower hybrid indicate the flower may yield as much as 30 percent more seed than present nonhybrid varieties. Researchers from the Saskatoon Station expect the new rapeseed variety to have a low erucic-acid level and produce meal low in glucosinolates.

Glucosinolates, while not harmful of themselves, form hydrolytic products that are bad for animals. The latter result when myrosinase enzymes, also present in the meal, break down in the presence of moisture.

Canada's crushing industry is closely watching the outcome of an appeal by the Alberta Government against a recent court ruling which gives the Canadian Wheat Board the right to limit

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CANADA: PRODUCTION OF FOUR MAJOR OILSEEDS AND DOMESTIC CRUSH

Oilseed and crop year [1]	Production	Domestic crush: Amount	Domestic crush: Share of production
	1,000 bu.	*1,000 bu.*	*Percent*
Flaxseed:			
1962	16,042	2,529	15.76
1963	21,116	2,752	13.03
1964	20,305	2,901	14.29
1965	29,176	2,631	9.02
1966	22,020	2,543	11.55
1967	9,378	2,266	24.16
1968	19,666	2,085	10.60
1969	27,548	2,490	9.04
1970	48,932	2,827	5.78
1971	22,321	3,101	13.89
Rapeseed:			
1962	5,860	1,616	27.58
1963	8,360	1,574	18.83
1964	13,230	2,156	16.30
1965	22,600	3,746	16.58
1966	25,800	4,963	19.24
1967	24,700	5,159	20.89
1968	19,400	6,934	35.74
1969	33,400	7,768	23.26
1970	72,200	8,575	11.88
1971	95,000	12,050	12.68
Soybeans:			
1962	6,608	17,862	270.31
1963	5,002	18,606	371.97
1964	6,976	19,541	280.12
1965	8,030	20,654	257.21
1966	9,012	19,876	220.55
1967	8,091	19,846	245.28
1968	9,027	20,054	222.16
1969	7,664	23,679	308.96
1970	10,385	23,437	225.68
1971	10,276	23,314	226.88
Sunflowerseed:			
1962	579	90	15.54
1963	1,328	488	36.75
1964	1,030	782	75.92
1965	974	454	46.61
1966	1,093	468	42.61
1967	1,200	813	67.75
1968	825	808	97.94
1969	1,133	708	62.49
1970	1,845	1,080	58.54
1971	5,636	2,332	41.38

[1] Beginning Aug. 1. Statistics Canada

Canada Expects Rise in 1972-73 Oilseed Exports

CANADIAN EXPORTERS expect foreign sales of the country's four major oilseeds—flaxseed, rapeseed, soybeans, and sunflowerseed—to rise to 1.8 million tons in 1972-73, up from 1.7 million the previous year.[1] (All tons are metric.)

Flaxseed exports may decline but will probably be compensated for by a climb in shipments of the other three oilseeds.

Production and acreage of the big-four oilseeds were down about one-third in 1972-73, compared with the previous year. Total output was 2.2 million tons and area more than 5 million acres. Latest Government estimates indicate production and area in 1973-74 may be minimally greater than those of 1972-73.

One of the world's major producers and exporters of rapeseed, Canada's outturn in 1972-73 was an estimated 1.3 million tons, 40 percent less than the previous year's 2.1 million tons. However, a carryover about four times larger in 1971-72 than that of the previous season may have enabled Canada to export 1.2 million tons of rapeseed, some 280,000 tons more. Japan is Canada's major rapeseed market, followed by France and the Netherlands.

[1] Canada placed export controls on its major oilseeds, effective June 29, and export totals given in this article may be slightly high.

Based on official estimates, rapeseed production in 1973-74 will probably be slightly less than in 1972-73 and because the carryover will be smaller than last year's, it is anticipated total supply will be down.

Canada, a minor producer of soybeans and products, saw a small increase in soybean outturn between 1971-72 and 1972-73—280,000 tons versus 320,000. Farmers' planting intentions indicate production may climb to 362,000 tons in 1973-74.

Soybean meal and oil outturn during 1972-73 is expected to approximate 396,000 tons and 87,000 tons, respectively. Both of these are substantially lower than 1971-72 levels of 494,000 tons for meal and 109,000 tons for oil. Prospects for 1973-74 are dim and further declines are expected.

Canada is a net importer of soybeans. In most years the United States supplies all of its imports while the United Kingdom takes almost all of its exports.

In 1972-73 Canada is expected to purchase about 272,000 tons of soybeans—all from the United States—substantially less than the 402,000 tons imported the previous year. For calendar 1972 imports were 308,500 tons, down from 424,600 tons in 1971. The current high soybean-price level may cause a further dropoff in imports from the United States in 1973.

Canadian soybean exports may total only 54,000 tons in 1972-73, slightly more than the 37,000 tons sold during 1971-72.

Exports of soybean meal in 1972-73 may approximate 100,000 tons, compared with 123,000 tons the previous year.

Canada's soybean cake and meal imports during calendar 1972 were 222,000 tons, up from 208,000 tons the previous year. The United States supplied all of Canada's cake and meal purchases in 1972, as it does every year.

Canada is one of the world's major producers and exporters of flaxseed, but a relatively minor exporter of linseed cake and meal and linseed oil.

Exports of flaxseed increased to 654,000 tons in 1971-72, but are projected to drop to 508,000 tons in 1972-73. Canada's major flaxseed markets continue to be the Netherlands, Japan, and West Germany.

LINSEED MEAL and cake production is estimated to have ranged between 45,000 and 48,000 tons during the past 3 years. Production during 1972-73 is estimated at approximately 50,000 tons. Total linseed cake and meal exports during 1972-73 are estimated at 15,000 tons, down from the previous year's 20,000.

Linseed oil production in 1971-72 is estimated at 27,000 tons, an increase of 2,000 tons from the previous year. Production in 1972-73 is expected to be about the same level as it was a year earlier. Exports of this oil for 1972-73 are estimated at approximately 14,000 tons, about the same as the year before. The United Kingdom continues to be Canada's major market for linseed oil.

Sunflowerseed production in 1972-73 is estimated at 77,000 tons, the same level as the previous year.

Sunflowerseed meal and oil production during crop year 1972-73 is not expected to differ much from the 11,700 tons of meal and 13,000 tons of oil produced in 1971-72.

Canadian sunflowerseed exports totaled 25,000 tons during the crop year 1971-72, compared with only 8,000 tons the previous year. Major destinations were the Netherlands, the United States, and Japan.

Canada does not import sunflowerseed or meal, but does import sunflowerseed oil. In calendar 1971 oil exports were slightly more than 2,000 tons, dropping to slightly less than that figure in 1972. The United States was the major supplier in both years.

—Based on dispatch from
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CANADA'S PRINCIPAL OILSEEDS: AREA, PRODUCTION, EXPORTS, AND IMPORTS

Category and year	Rapeseed	Flaxseed	Soybeans	Sunflowerseed
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*
Area: [1]				
1970-71	4,050	3,368	335	71
1971-72	5,306	1,763	367	240
1972-73	3,270	1,421	405	217
	1,000 tons metric	*1,000 tons metric*	*1,000 tons metric*	*1,000 tons metric*
Production:				
1970-71	1,637	1,243	283	25
1971-72	2,155	567	280	77
1972-73	1,300	483	320	77
Exports:				
1970-71	1,062	538	21	8
1971-72	966	654	37	25
1972-73 [2]	1,247	508	54	27
Imports:				
1970-71	—	—	427	—
1971-72	—	—	402	—
1972-73 [2]	—	—	272	—

[1] Seeded area only. Canada does not collect data on harvested acreage. [2] Estimates by U.S. Agricultural Attaché's Office, Ottawa.

International Cocoa Agreement Ready To Begin Operation

By REX E. DULL
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An International Cocoa Agreement (ICA), designed to stabilize the world cocoa market, has now been ratified sufficiently to go into operation for the 1973-74 season (Oct.-Sept.) after 16 years of consultations and negotiations under the auspices of the Food and Agricultural Organization (FAO) and the United Nations Conference on Trade and Development (UNCTAD). However, it is doubtful that the Agreement will have an opportunity to prove its effectiveness during this early period due to the short cocoa supply and the high prices of cocoa beans.

Although the United States is the world's largest consumer of cocoa, taking about 25 percent of world cocoa trade, it will not be a member of ICA, but will cooperate with the International Cocoa Council on a limited basis, such as .supplying statistical information on trade and prices. The U.S. action not to join is in keeping with decisions regarding similar international arrangements in the past such as the Sugar and Tin Agreements.

The ICA mechanism to stabilize cocoa bean prices within a range of 23 to 32 cents per pound combines a system of export quotas which are reduced as prices fall, and a buffer stock from which sales are to be made when prices approach the upper end of the range.

However, as the Agreement goes into effect, cocoa bean prices are at an all-time high, exceeding the previously established record set in 1954, and creation of a cocoa buffer stock will be quite difficult in view of the short supply of cocoa.

World cocoa bean production during the 1972-73 season has been revised downward from earlier projections to slightly over 1.4 million metric tons, well under the record 1971-72 crop of 1.57 million. World grindings in 1972 were estimated at a record 1.56 million tons, but in view of this season's smaller production and record high cocoa prices, grindings in 1973 probably will decline somewhat from last year.

New York spot "Accra" cocoa bean prices averaged a record 86 cents per pound in July and the futures price to be used in the Agreement was more than double the upper limit of the price range of the Agreement.

Dry weather has hurt the crops in major producing areas of West Africa and has cut production in Brazil as well. But, demand for cocoa thus far this year has continued strong, and some market analysts are forecasting a stock drawdown of nearly 200,000 tons in 1973. With world cocoa stocks already well under the comfortable levels of the early and mid-1960's, prices have reacted sharply to the current cocoa statistical imbalance.

"Producers are hopeful that the Agreement will give some stability to the cocoa market, which historically has been subject to wide price swings, thus allowing for a more orderly development planning."

Further contributing to the price rise has been the recent international monetary fluctuations and the increased speculative activity in commodity futures. Also the dry weather conditions in West Africa, which were mainly responsible for the lower 1972-73 harvest, may have an adverse effect on the early pickings of the 1973-74 main crops, which will be harvested this fall.

But producers are hopeful that the Agreement will give some stability to the cocoa market, which historically has been subject to wide price swings, thus allowing for a more orderly development planning.

The buffer stock is to be a maximum of 250,000 metric tons, and is to be financed by a 1 cent per pound export levy on cocoa beans (or bean equivalent in the case of cocoa products) to be collected by the member producing countries. In addition, the International Monetary Fund (IMF) has agreed to provide loans of up to $60 million to finance the cocoa buffer stock. The IMF has already loaned approximately $27 million to the International Tin Agreement for its buffer stock.

Initial basic export quotas have been allocated according to each country's highest production since the 1964-65 crop year. Quotas then are to be automatically revised at the end of the first quota year (Oct.-Sept.), and the revised quotas are to apply for the remaining life of the 3-year Agreement.

Any member whose production has increased from its previous highest level will receive a higher quota, but quotas will be reduced if a country's production in any of the most recent 3 years is more than 20 percent below the initial basic quota. The reduction provision may be applicable to Ghana which recorded a crop of 580,900 tons in 1964-65, compared with only a 430,000-ton average crop in recent years.

Under the provisions of the Agreement, the following countries have been assigned quotas (in 1,000 metric tons):

Country	*Initial basic quota*
Ghana	580.9
Nigeria	307.8
Ivory Coast	224.0
Brazil	200.6
Cameroon	126.0
Togo	28.0
Total	1,467.3

Quotas were also assigned to the Dominican Republic, Equatorial Guinea, and Mexico, but these countries elected not to join the Agreement.

Countries exempt from quotas because their annual production is less than 10,000 metric tons are: Zaire, Gabon, Philippines, Sierra Leone, Haiti, Malaysia, Peru, Liberia, the Republic of Congo, Bolivia, Cuba, Nicaragua, New Hebrides, Guatemala, Tanzania, Uganda, Angola, and Honduras.

In addition, producers of fine or flavor cocoa also are exempt from quotas: Dominica, Ecuador, Grenada, Indonesia, Jamaica, Malagasy Republic, Panama, Sri Lanka, St. Lucia, St. Vincent, Surinam, Trinidad and Tobago, Venezuela, and Western Samoa. Coun-

tries producing fine or flavor cocoa representing only a portion of their total output are Costa Rica, 25 percent; Sao Tome and Principe, 50 percent; and Papua and New Guinea, 75 percent.

When the Agreement goes into operation the quotas will be regulated according to the indicator price. (Indicator price refers to the daily average of the 3 nearest futures trading months on the New York Cocoa Exchange at noon and the London Cocoa Terminal Market at the close.)

According to the Agreement, when prices are above 23 cents per pound and at 24 cents or below, the export quotas in effect would be 90 percent of the annual quota. Above 24 cents and at 26 cents or below, the quotas in effect would be 95 percent of the annual quota. Above 26 cents and at 27.5 cents or below, quotas would increase to 100 percent. Above 27.5 cents and at 29 cents or below, quotas would be adjusted to 105 percent.

When prices exceed 29 cents the export quotas would be suspended. Sales from the buffer stock would begin at 31 cents, and at 32 cents, sales would become mandatory in order to defend the maximum price range of the Agreement.

Exporting members are required to limit shipments to a maximum of 85 percent of their annual quota during the first two quarters of the quota year and to a maximum of 90 percent during the first three quarters. Members will be penalized if their exports exceed their quota.

The Agreement, however, does not place all of the restrictions on exporting members. Importing members are to limit their imports from nonmember countries, except for fine and flavor cocoa imports.

Pakistan Sets Export Regulations To Assure Domestic Cotton Supplies

The Pakistani Government in recent weeks has taken several measures to assure domestic supplies of cotton and cotton textile products. Most recently a second sharp increase in export duties was imposed hard upon the July 1, 1973, effective date of an initial increase decreed in the fiscal 1974 budget.

New rates were set for export duties on cotton yarn and cotton cloth on July 10, and additional regulatory duties (at a 30-percent ad valorem rate) were imposed on cotton yarns. On July 18, the new 45 percent ad valorem duty on raw cotton (already up from 35 percent last year) was supplemented by an additional 30 percent regulatory duty on the amount by which the f.o.b. export price exceeds 1,500 rupees per bale of 400 pounds, or 38.11 cents per pound. This means an effective duty of 75 percent on the value in excess of that level.

In addition the f.o.b. export price for 1973-74 cotton is not tied to the domestic price, but is calculated by subtracting 500 points from the New York Futures Contract No. 2 quotation for M-1-1/16". Moreover, the discount of 500 points is barely adequate to reflect the lower quality of the basis used, such as AC-134, saw-ginned.

Other measures taken since the beginning of July have been aimed at various segments of domestic and foreign trade in textile goods. An export quota of 400 million pounds has been placed on cotton yarn for fiscal 1974, a figure which is slightly below estimated exports for fiscal 1973, but substantially higher than exports the previous year. It is also higher than the initial quota set for fiscal 1973. Extra-long staple cotton may now be freely imported, that is with no limiting quota, but duty rates remain to be set. Import duties on manmade fibers, yarns, and fabrics have been relaxed. Finally, fair price shops have been set up by the Government to provide inexpensive cloth to lower income groups.

The Federal Finance Minister, in announcing the various export regulations, has stressed that they were taken to encourage domestic price stability in the face of sharp rises in the international market and to assure adequate domestic supply. The price situation would be kept under review and adjustments in the duties would be made accordingly.

The Pakistani measures come in the wake of other export controls instituted by various countries. Quotas have been imposed on Turkish exports of the 1973-74 crop which provide that initial export sales are not to exceed 10 percent of average exports during the last two seasons. Export controls which were placed on Brazilian cotton, however, will not substantially reduce shipments of the 1972-73 crop, harvested this spring.

The Pakistani duties and price policy contribute by their complexity and their magnitude to the uncertainty in the international markets, where Pakistan has been a major seller in the last 2 years. Pakistani exports exceeded 1 million bales in the 1971 and 1972 marketing years for the first time since the early fifties; since then they have fluctuated erratically between roughly 250,000 and 900,000 bales annually.

The export measures also do not seem to be consistent with the Government goal to try to maintain the farmer price at a higher level in the 1973-74 season than in last season, since domestic prices will likely drop if the new export policies are maintained throughout the new harvest.

In announcing the new floor price for unginned cotton and a ceiling price for domestic sales of lint on July 21, the Federal Finance Minister stated the Government, which hopes the export duty will indirectly regulate prices, would consider intervening should prices move outside those limits. To carry this out would require setting aside substantial funds and creating administrative machinery. The Federal Finance Minister reportedly stated further that the ultimate aim of the Government was to nationalize the cotton trade.

Price spreads of 900 to 1,400 points between Pakistani growths and U.S. equivalents, quoted c.i.f. Liverpool, reflected the Pakistani Government's measures during the first 3 weeks since the introduction of new crop quotations in mid-July. Immediate reaction in the trade has generally been one of uncertainty and waiting, as the international price levels of Pakistani growths make them uncompetitive even with today's high prices in world markets.

Australia Plans New System To Streamline Apple and Pear Marketing

As a result of growing pressure from apple and pear growers and exporters, Australia plans to strengthen the centralized marketing system for these fruits. The decision was prompted in part by oversupply and export marketing problems that have plagued Australia's apple and pear growers in recent years.

A detailed proposal for changing apple and pear marketing arrangements was announced on July 27 by Australia's Minister for Primary Industry, Senator Ken Wriedt. A new marketing agency, to be called the Australian Apple and Pear Corporation, was proposed to take over and extend the activities of the present Apple and Pear Board. Legislation establishing the corporation is likely to be introduced at the Cabinet's budget session this fall.

According to Senator Wriedt, market development—both at home and abroad—will figure prominently in the proposed corporation's activities. To this end, he said, a market intelligence unit will be established under the group. Present day marketing, he continued, demands a prompt reaction to signals from the marketplace if export results are to be fully achieved.

Functions of the new corporation will differ from the present Board's activities in two important respects. First is the extension of the power to trade to the new group. Although it is not expected that the trading power will be regularly employed, special circumstances could require its use.

The present Australian Apple and Pear Board is not permitted to engage directly in sales operations or assume title to fruit, as is the case for the Apple and Pear Board in the neighboring country of New Zealand.

Further, high emphasis is slated to be placed on research activities. According to the proposal, the corporation will encourage and initiate research, if necessary, into all aspects of the industry, especially to improve quality and introduce cost-saving practices. Equally important will be developing new processed products and providing services to the processing field.

The new corporation is also scheduled to continue the present Board's many activities. These include controlling export licensing, export prices, terms and conditions of export trade, shipping freight arrangements, export quantities, export quality standards and gradings, and promotion.

The Senator indicated that he expected a strengthening of powers in many of these areas, particularly in promotion—both overseas and in Australia. For best results, he stressed, the domestic promotion program needs efficient coordination, which could be effiectively provided by the proposed corporation.

Structural changes are also included in the proposal. The new group would be much smaller than the present Board and the announced membership was to include: An independent chairman, three grower members, three members with special qualifications, and one Government representative.

Senator Wriedt stressed that this composition would bring to the proposed corporation a greater emphasis on marketing skills and expertise than was possible under the present Board.

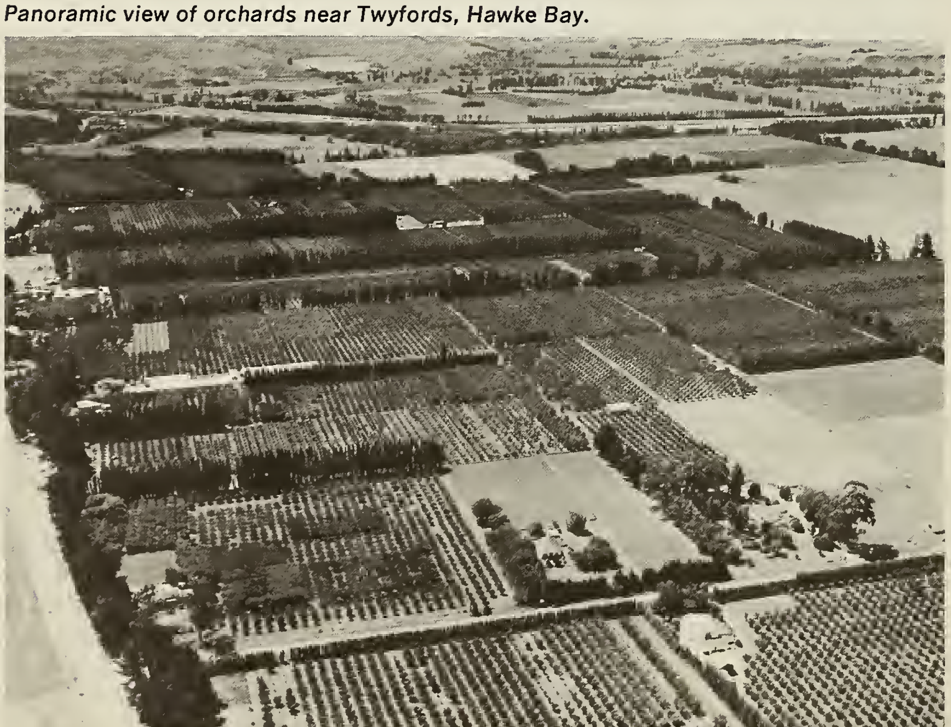
Plans call for these members to be appointed by Senator Wriedt, rather than elected. Members to represent growers, the Senator proposed, will be nominated by the Australian Apple and Pear Growers' Association. The three specially qualified members will be appointed after consulting with this Association and the Australian Apple and Pear Shippers' Association or other appropriate bodies.

Grower reactions to the proposal have been mixed, with fruitgrowers in Tasmania—the most important producer State—most disappointed and vocal that only three grower members are to be appointed. Under the new proposal, Tasmania's position would be far less strong, with no guarantee that the State would have direct representation.

Under the present Board, Tasmania has three grower members and one exporter member. Other States have one grower member, Western Australia has one exporter member, and one exporter member represents all other States combined. Thus, exporter representation would be unchanged under the plan, but grower membership would fall from the present eight to three.

Following announcement of the plan, fruitgrowers in New South Wales and other areas pressured Ministers belonging to the Rural Committee of Caucus to change grower membership. As a result, Senator Wriedt on August 1 agreed to a change, providing for four

Panoramic view of orchards near Twyfords, Hawke Bay.



grower members, rather than three.

Further discussions are underway with officials of the Australian Apple and Pear Growers' Association. Since the broadened activities of the corporation will benefit all sectors of the industry, said Senator Wriedt, methods for imposing an industrywide levy to finance the corporation are being examined, in cooperation with the Association.

Ongoing negotiations with fruitgrower organizations may result in further minor changes in the content of the legislation. Since the Rural Committee of Caucus has accepted the revised proposal, however, the Australian Cabinet is likely to approve the measures proposed by Senator Wriedt without further major revision.

PRESENT DAY PROBLEMS that concern Australian apple and pear growers center around oversupply, higher freight rates for fruit, erosion of traditional markets, transportation problems, and currency revaluation—all of which reduce industry profitability.

Aggressive marketing and Government assistance programs have partially compensated for some of these situations. A tree removal compensation program for apple and pear growers is underway to limit fruit output in coming years. In the 1972-73 season, however, apple and pear crops were lighter than originally expected, owing to drought in fruit-growing regions of eastern Australia.

Apple and pear growers for the fresh export market are also benefiting from an emergency assistance program designed to cover losses caused by revaluation of the Australian dollar in December 1972. Growing use of containerization in shipping and tonnage pools for grower deliveries is sparking new interest in export trade.

The United States, and to a lesser extent Canada, have been major targets of Australian market development activities.

The seasonal advantage that Australian fruit has enjoyed in export markets has been eroded by better storage capacity in some exporting countries, notably France. U.K. accession to the European Community has given France a selling advantage in this important market, previously dominated by Commonwealth suppliers such as Australia.

—Based on a dispatch from *Office of U.S. Agricultural Attaché, Canberra*

Australia Ends Fruit Juice Sales Tax Break

CANBERRA. Commonwealth Treasurer Frank Crean presented the National Budget in Parliament on August 21, and in addition to many other decisions affecting rural producers, the Treasurer announced the Government decision to abolish a long-standing concession to fruitgrowers which provided for exemption from sales tax of all nonalcoholic carbonated beverages containing not less than 5 percent of Australian fruit juice. One effect of eliminating the sales tax break will be to depress domestic juice prices somewhat, thus reducing demand for imported citrus juice, with the possible exception of U.S. grapefruit juice.

The sales tax exemption provided a significant market for low quality fruit as most manufacturers included a neutral-type juice such as apple or pear juice in their products to escape the 15-percent sales tax, which worked out at approximately 3 cents per 26-ounce bottle.

The Treasurer stated in his budget speech that although the sales tax concession was intended to enlarge the market for Australian-grown fruit, only a fraction of the A$25 million that the exemption costs the Treasury found its way to fruitgrowers. This view was expected to be challenged by both fruitgrowers and processors.

The Treasurer indicated that the Government stood ready to provide any funds necessary to assist with reconstruction of any sectors of the fruitgrowing industry affected by the decision. This matter is now being closely examined by Government Departments.

The sectors most affected will be the apple and pear industry and to a lesser extent the citrus industry. In recent years up to 3 million bushels of apples have been used each season for juicing, and a large proportion of this was taken up by carbonated soft drink manufacturers.

In Tasmania alone at least 1 million bushels went to this market, and a major juice processor in the Huon Valley indicated the loss of this outlet could cost Tasmanian growers up to A$500,000 a year.

As most of the fruit used for juicing falls in the lower grades, it could not be placed on the fresh market and probably will have to be dumped if alternative uses cannot be found. Some industry authorities have suggested a program of juice distribution to schools, while others have pinned their hopes on increasing domestic cider consumption.

A number of large soft drink manufacturers have already indicated they will immediately discontinue the use of apple and pear juice in their products. These manufacturers are currently working on reformulation of their products, and have cancelled fruit or fruit-juice contracts.

Tasmania will be most affected by the loss of the market, since in this State many growers had no alternative outlets for marked fruit, while some specialized juice extractors established their operations solely on the basis of a continuing demand from soft drink manufacturers. It remains to be seen to what extent they will be assisted by the Government.

Although the citrus industry will also be affected, it seems likely that the impact of the abolition of sales tax exemption will not be as severe as in the case of the apple and pear industry.

A large proportion of the navel surplus has been used for juicing in recent years, mainly for inclusion in soft drinks, while lemon producers supplied a large volume of juice for use in products such as bitter lemon, lemonade, and lemon and orange drinks based on artificial flavoring.

For promotional reasons it may be expected that many of these products will continue to contain a certain amount of natural citrus juice, although probably not as much as previously.

Despite this somewhat more optimistic outlook for citrus, grower organizations are likely to make strong protests to the Government. The recent 25-percent reduction in tariff rates made imports much more competitive in recent weeks, while revaluation of the Australian dollar further accentuated the threat of competition from imported citrus juices.

There is little doubt supplies of both citrus and deciduous fruit juices will be in excess of requirements in the immediate future. With lower prices, imports may become less attractive, although a continuing but reduced demand for U.S. grapefruit juice is now anticipated.

—Based on a dispatch from *Office of U.S. Agricultural Attaché*

Japanese Pet Owners Increase Use of Commercial Foods

By KENZO NAITO
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JAPAN IS BECOMING more "pet minded" and growing concurrently as a result of this interest is the domestic pet food industry. Additionaly, Japan imports some pet food, most of which comes from the United States. Because of the growth potential of this market, U.S. manufacturers of prepared dog food and dog food ingredients are trying to enlarge their sales to Japanese consumers.

The use of all pet foods is relatively new to Japan with the first commercially prepared dog food appeared on the market just 13 years ago. Today Government and industry sources estimate 80 percent of total pet food output is for dogs. However, the industry is not overlooking the possibilities offered by pet birds, fish, cats, and other animals.

Since 1960, sales and production of pet foods have increased rapidly and the industry estimated sales would reach $35 million in 1972. The industry forecasts sales will be twice that by 1975, and growth is expected to continue strong.

Some economists believe there is a sales potential of US$500 million if every pet in Japan were fed commercial rations.

The potential size of future markets for pet foods was indicated by a survey taken at supermarkets in May 1971 by the *Japan Economic Journal*. The results indicated that 60 percent of Japanese households had pets at that time. Of these, 18 percent had dogs; 7 percent, cats; 18 percent, birds; 25 percent, fish; and the balance had some other type of pet. Japan's dog and cat "population" was estimated in 1971 at 5 million animals each.

The 1971 survey indicated 19 percent of the households questioned had no pets, but they answered affirmatively to the question, "Do you plan to raise a pet in the future?"

Although the potential for growth was there, in 1971 only an estimated 6 percent of Japanese households having a dog fed it commercial dog food. Most dogs received leftovers from the family's meals. The country's usage rate for dog food is especially low when compared with the United Kingdom's 26 percent and the 50-percent use rate of the United States. However, Japan's high and rapidly increasing per capita income may indicate more pets will be owned in the future, and the commercial pet-food usage rate will zoom.

In 1960, there was one firm producing dog food, but since then the number has grown to 15. Other pet foods subsequently began to appear on the market and now commercially prepared food is available for most kinds of pets.

Production and distribution of pet food has largely been developed in Japan by companies in the mixed feed industry, although a few fish and food firms have begun to make pet food or have formed subsidiaries for this purpose. Some joint-venture arrangements have also been formed between American pet food firms and Japanese industries to promote the sale of U.S. formula pet foods.

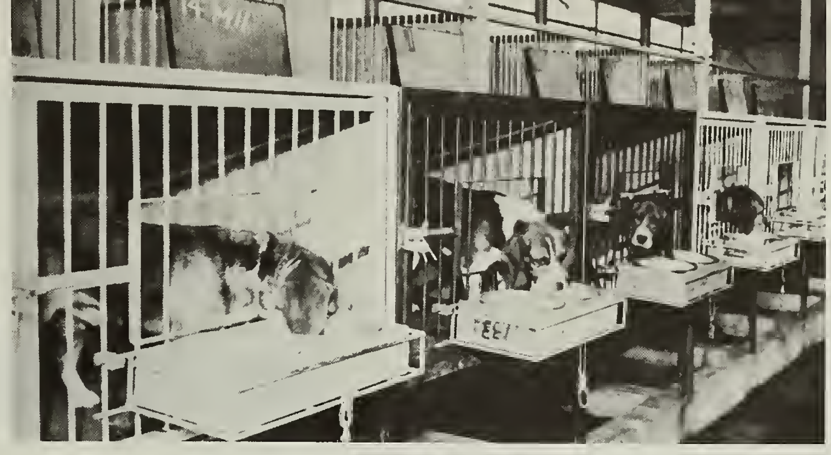
Although imported pet foods have fallen off in terms of share of the market and in actual volume, the United States continues to provide a large percentage of Japan's foreign purchases. In fiscal 1971 and 1972, U.S. exports to Japan were about 7,250 metric tons each year, with respective values of US$1.8 million and US$1.9 million. In fiscal 1970, U.S. pet food exports were at their highest—US$2.1 million.

The National Renderers Association, a USDA cooperator, has sponsored pro-

JAPAN: PET FOOD SUPPLY, 1967-72

Year [1]	1967	1968	1969	1970	1971	1972 [2]
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Imports [3]	4,673	6,599	10,600	10,527	10,246	9,000
Domestic production	2,250	5,552	10,101	17,890	31,390	50,000
Total	6,923	12,151	20,701	28,417	41,636	59,000
Increase over previous year ..	*Percent* 32	*Percent* 76	*Percent* 70	*Percent* 37	*Percent* 46	*Percent* 41

[1] Beginning April 1. [2] Estimated by Commercial Feed Div., Ministry of Agriculture and Fisheries. [3] Custom clearance basis. Source: Market Research Service, Tokyo.



Leading dog food manufacturers schedule continuing programs to test the quality and nutritional value of their products. Beagles shown here are taking part in a controlled feeding project.

motions in several Japanese cities to boost the use of dog foods. The association, through these functions, seeks to enlarge the Japanese market for U.S.-produced bone and bone meal, important ingredients in the compounding of dog food.

One such retail in-store NRA promotion, held in cooperation with Japanese dog food manufacturers and dealers provided a year's supply of dog food to 10 winners in Kobe, Osaka, and Tokyo.

Most dog food in Japan is distributed through pet stores; however, the number of supermarkets and other food outlets handling pet foods has increased in recent years, especially in the larger cities. As this trend continues, increased availability of dog and other pet foods should bring about expanded use and sales.

Several problems face the pet food industry in Japan, however, which can dampen the rate of growth in pet food consumption. The small size of Japanese homes tends to restrict the number, type, and size of pets a family can keep. Small home size also tends to reduce space available for pet food storage.

Some Japanese families would like to have a pet—especially a dog—but are denying themselves because urban congestion makes it increasingly difficult to find space to exercise their animals. Thus, when a dog is purchased by a city family, it is often one of the smaller breeds.

Japan's total dog food supply (imported and domestically produced) totaled only about 6,900 metric tons in 1967, but has risen steadily each year since. In 1971 availability totaled 42,000 tons, and was an estimated 59,000 tons in 1972.

Because of this rapid growth in supply, dog food manufacturers faced the problem of competing more strongly for a share of a market growing slower than output, or had to devise promotional campaigns to boost consumption. Currently, pet food makers are trying to expand the use of pet foods by educating consumers to the advantages of commercial dog food over table scraps. Projected-use studies indicate they will probably be successful in creating a larger market.

The Foreign Agricultural Service and the National Renderers Association, Inc., cooperate in Japan to promote sale of U.S. livestock products for use in pet foods manufactured there. Left, an FAS-NRA in-store promotion in Tokyo. Shelves at back of store hold U.S. dog foods. Above, the laboratory of one of Japan's pet food makers.

Mexico's Grain Imports Set Alltime Record, Production Deficit Greatest for Corn

Mexico's grain imports rocketed to the highest level in the country's history during the July-June 1972-73 marketing year. Grain imports peaked at about 1.7 million tons—compared to under 500,000 tons the previous season—with the vast majority of corn and all wheat, sorghum, and barley supplied by the United States.

Mexico's sharply higher import needs resulted from reduced grain output during a period of rapidly rising food consumption. Last year, the country recorded a 3.4-percent population increase and personal incomes reached new highs, strengthening grain demand for both human and animal use.

The greatest single production deficit during the season was in corn, which suffered from poor yields and lower harvested area resulting from a combination of rain shortages and surpluses. Whether also affected wheat and sorghum outturns—each some 200,000 tons below those of the previous season.

To meet higher consumer and livestock industry needs, Mexico's estimated imports of corn have spiraled to 1 million tons—all to be purchased and delivered during the corn marketing year, October 1, 1972-September 30, 1973. Of total imports, about two-thirds are slated to come from the United States. This development dramatically reverses last season's situation, when Mexico was a net exporter of corn, importing none and exporting 600,000 tons.

Corn is produced virtually everywhere in Mexico and all but about 20 percent of the crop is grown on nonirrigated land. Thus, the year's weather extremes—drought—and in some cases heavy rains—caused the crop to drop to 8.1 million tons, far below the 9.1 million tons harvested last season. Average yields fell to 17.2 bushels per acre from 18.1 bushels per acre last season, from a harvested area of 18.5 million acres, compared with a previous 19.8 million acres.

In spite of growing feed industry needs, most of Mexico's imported and domestic corn is scheduled to be used for food. Of estimated total consumption of 9 million tons, 8.7 million tons is expected to be for food.

The outlook for corn production in the 1973-74 corn year is promising, assuming a return to 1971-72's harvested area and yields. Normal conditions this year would provide Mexico with about an 8.8-million-ton corn crop.

Nevertheless, consumption of grains for feeding purposes is projected to continue its upward climb to reach a level 10 to 11 percent above 1972-73. If this occurs, Mexico's corn import requirements next season would still be significantly high, perhaps 725,000 tons.

With consumer prosperity, wheat products are assuming greater importance in Mexican diets, although corn remains the staff of life. Moreover, wheat use as an animal feed has expanded rapidly. Changing relationships between feedgrain prices, transportation costs, and availabilities—as well as a shortage of sorghum—combined to make wheat the cheaper feed this year. As a result, some 300,000 tons of domestic wheat has been purchased by feed millers, of which 100,000 tons will probably be carried until next year.

Mexico's Government would like to discourage the use of domestic wheat for feed and has offered to exchange a ton of yellow corn for a ton of wheat on an even basis with feed millers. Most wheat purchased by millers has already been used, however, and the remainder has financing, which the Government is not prepared to provide.

Wheat production in 1973 is now estimated at 1.9 million tons. Consumption, however, is expected to continue increasing, necessitating imports about equivalent to the 650,000 million tons imported last year—all of U.S. wheat.

Mexico has been a major supplier of improved, semidwarf wheat seed to developing countries in Asia. The poor domestic crop caused seed exports to plunge sharply in 1972-73 to a total of 16,000 tons, compared to 65,000 tons the previous season.

Sorghum output seems to have rebounded from last year's drastic shortfall and should return to the more-normal production level. The sorghum shortage last year resulted from a reduced crop in the high-producing State of Tamaulipas, where only three-quarters of an expected 1-million-ton crop was harvested this year.

Continued on page 16

MEXICO PLANS LOWER FEEDER CATTLE EXPORTS

The Mexican Government has announced a 200,000-head reduction in the feeder cattle export quota for the year beginning September 1, 1973. This is one of a series of actions taken by the Government since January 1973 on domestic meat supplies. In late March, it began requiring slaughtering plants to obtain export permits twice a month and to sell an equivalent amount of meat domestically. Along with this there was a 50,000-head reduction in the feeder cattle export quota for the year September 1, 1972 through August 31, 1973.

The decrease in exports of feeder cattle was discussed by Mexico's Secretary of Agriculture Aguirre, speaking at the annual meeting of the Mexican Cattlemen's Union in early May. The United States is an important importer of Mexican feeder stock, taking 916,000 head in 1972.

Under the new policy, feeders would be held and fed to heavier weights for slaughter in Mexico. This would help meet expanding domestic demand for meat and provide more for export, which would earn more foreign exchange than that earned by feeder cattle exports. It would also reduce imports of hides and other animal byproducts.

The president of the Mexican Cattlemen's Union, in a speech at the same meeting, disagreed with Secretary Aguirre. He said that the livestock industry was willing and able to expand to retain high levels of feeder cattle exports and at the same time meet increasing domestic needs and also foreign demand. However, he said that this would only be possible if the Government were willing to protect property rights of livestock owners.

Present indications are that Mexico will push ahead with this new policy announced by the Secretary of Agriculture but it will be subject to modifications because of changes in supply of feed and grain and pasture conditions.

CROPS AND MARKETS

COTTON

New Restrictions On South Brazil's Cotton Exports

Since March, strong domestic and international demand has resulted in steadily rising spot market prices on the São Paulo cotton exchange. As a consequence, on May 10 of this year Brazil's Customs Policy Council (CACEX) temporarily suspended registrations of cotton exports from South Brazil. Contracts registered before that date were licensed for export, and once the suspension was lifted, a quota system was instituted for registration requests received after that date. Quotas were assigned on a basis of 10 percent of registrations for the 1972-73 crop recorded by CACEX before May 10.

Since that date, heavy buying by local spinners, attempting to maintain a brisk export business in yarns, and traders, covering their positions, combined to induce even sharper rises in the São Paulo spot market. Between May 10 and August 16, the price per pound of Brazilian Type 5 raw cotton rose to 56 U.S. cents from 38 cents, an increase of approximately 47 percent. As a result of this upward pressure on local market prices, on August 18 CACEX announced Regulation No. 437 which suspended further export registrations of raw cotton from South Brazil. Trade sources report export sales already made are also being embargoed.

Under the present system, shippers apply for and are granted an export license shortly after the conclusion of the sale. Before loading, however, a "shipping permit" must be procured, generally about one week prior to loading. Regulation No. 437, in effect, discontinues the issuance of such permits. Exporters were told on August 23 that fulfillment of all valid August shipment commitments for which freight was already booked would be permitted, but that loading must be completed by August 31.

Assuming all such commitments are executed, registrations outstanding as of that date would total some 335,000 bales. Brazilian authorities reportedly believe it would be necessary to reduce these by around 92,000 bales to maintain reasonable control of domestic values. However, as trade statistics suggest that there is, in fact, sufficient cotton to meet both domestic and export requirements, it is hoped that cotton will be forthcoming against all sales, albeit somewhat late.

Floods Severely Damage Pakistan's Cotton Crop

Pakistan's cotton crop has been severely reduced by floods in the two major producing Provinces of Punjab and Sind. Until an assessment can be made of the loss, the Government has imposed a temporary ban on cotton exports.

Water levels in most areas of Punjab Province are subsiding, although the threat of more rain persists. Preliminary estimates from Islamabad report that 675,000 acres of cotton have been destroyed and 383,000 acres partially damaged, for a loss of 460,000 bales (480 lb. net) of cotton. The 1,058,000 acres covered in the report represent approximately 25 percent of Punjab's total cotton acreage, an area that produced nearly three-fourths of Pakistan's cotton in 1972-73. Damage in Sind Province is yet to be assessed, but it will undoubtedly be substantial.

Total domestic consumption of raw cotton during the 1973-74 crop year is estimated at 2.34 million bales, or about 5 percent above last year's total. The rise follows a year in which export demand for cotton yarn increased as well as internal prices for cotton cloth.

Some trade sources now predict a 25-percent drop from preflood estimates of 3.4 million bales for the 1973-74 cotton crop.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 11	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	6.14	+28	2.35
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.02
U.S. No. 2 Dark Northern Spring:			
14 percent	5.82	+ 8	2.12
15 percent	(1)	(1)	2.20
U.S. No. 2 Hard Winter:			
12 percent	5.72	+ 3	2.12
No. 3 Hard Amber Durum	8.70	+ 2	2.14
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.11	− 1	1.57
Argentine Plate corn	3.29	−22	1.90
U.S. No. 2 sorghum	3.30	+25	1.63
Argentine-Granifero sorghum	3.28	+25	1.66
U.S. No. 3 Feed barley	3.05	+22	1.50
Soybeans: [3]			
U.S. No. 2 Yellow	7.40	−54	3.67
EC import levies:			
Wheat [4]	[5] 0	0	1.63
Corn [6]	[5] .31	+ 2	1.14
Sorghum [6]	[5] .35	+ 2	1.06

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Grain Exports and Transportation Trends: Week Ending August 31

Weekly grain inspections for export and grain moving in inland transportation for the week of August 31 and the previous week were:

Item	Week ending Aug. 31	Previous week	Weekly average, July	Weekly average, fourth quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	966	679	749	755
Feedgrains	1,057	750	881	738
Soybeans	56	88	91	238
Total	2,079	1,517	1,721	1,731
Inland transportation:				
Barge shipments of grain	([1])	528	625	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	32,438	33,884	35,041	30,769

[1] Not available.

SUGAR AND TROPICAL PRODUCTS

1973 World Tea Crop Sets Record

World tea production for 1973 (excluding that of the People's Republic of China) is forecast at a record 1.22 million metric tons, an increase of 3 percent over the bumper 1972 harvest of 1.19 million tons. World production continues to expand at a faster rate than that for consumption while tea prices remain at relatively low levels.

Estimates for the major producing countries in thousands of tons, with 1972 data in parentheses, are as follows. India 465 (453); Sri Lanka 223 (213.5); Japan 95 (94.8); USSR 70 (70); Kenya 58 (53.3); and Indonesia 50 (48.3).

More information will appear in the September 28 issue of *World Agricultural Production and Trade.*

FATS, OILS, AND OILSEEDS

Senegalese Peanut Prospects Improved

The latest report from the Agency for International Development about the drought affected West African countries indicates 1973 harvest prospects in Senegal have improved markedly during the last 6 weeks. The peanut crop is said to be in an advanced stage of growth.

Rains were rather widespread and soil moisture is now adequate to assure good harvests from early plantings and fair harvests from late plantings, even if no more rain falls.

West Malaysia's Palm Oil Exports Up 24 Percent

During the October 1972-June 1973 period, West Malaysia's palm oil exports—at 525,600 metric tons—increased by 102,800 tons from the same 9 months in 1971-72. The boost largely reflects increased output from expanded acreage and a reduction in stocks.

Exports for the year ending September 30, 1973, could increase by roughly 125,000 tons—from 574,100 tons exported in 1971-72 to approximately 700,000 tons. The increase is equal to the oil fraction of 26 million bushels of soybeans.

In 1973-74, an even larger export expansion to roughly 875,000 metric tons is anticipated.

Canada To Honor Outstanding Rapeseed and Flaxseed Contracts

Canada will issue export permits for all contracts of old and new crop rapeseed and meal, and flaxseed and meal for which applications are outstanding until the close of navigation at Thunder Bay—usually during the first 10 days of December.

The announcement, issued by the Department of Industry, Trade and Commerce on August 13, cautioned that export permits for vegetable oils will continue to be monitored closely to ensure adequate domestic supplies.

Spain Sets New Rules For Oilseeds and Oils

The Spanish Government recently announced new marketing regulations for vegetable oil from domestically produced oilseeds and for imported soybean oil.

Oil produced from imported soybeans may be exported or marketed domestically. However, the minimum retail price for soybean oil was raised to 26.18 U.S. cents per pound from 22.91 cents, in order to protect domestically produced vegetable oils. In addition, imports of soybean oil will continue to be under State trading.

The 2.5-percent ad valorem duty on soybean imports has been ended but a 5.5-percent excise tax remains in effect. Imported soybean meal is subject to a 2-percent duty and a 6.5-percent excise tax.

Turkey Limits Oilseed Exports

The Turkish Government has included oilseeds, vegetable oils, and oilcakes and meals among items subject to export registration. The action was taken as a precautionary measure to protect domestic supplies.

EC Requires Export License Deposit

The European Community's temporary system of mandatory export licenses for oilseeds and oilcakes will be effective through October 31, 1973. Issuance of these licenses is conditional on the deposit by the applicant of a surety of 5 units of account per metric ton (about US$6) which is forfeited if the commodity is not exported within the period of validity of the licenses—usually 30 days.

Argentina Restricts Oilseed Exports

The Government of Argentina recently announced that sellers of oilseed pellets must sell 2 tons locally for every ton they export. However, exporters feel foreign demand is greater than domestic demand and that the ratio should be reversed.

During October 1971-September 1972, Argentina exported 404,300 metric tons of oilseed meals (soybean-meal-equivalent basis). Increased oilseed exports had been expected from

Argentina during the current marketing year, but this may not occur if the new decree is put into effect. Exports during the October 1972-June 1973 period amounted to 360,800 tons or 12 percent above the 322,300 tons for the same 9 months in 1971-72.

Spain May Halt Olive Oil Exports to the Community

Spain recently suspended licensing of bulk olive oil exports to the European Community for 2 days and is considering halting exports until domestic olive oil prices stop rising. EC countries, mainly Italy, import about 200,000 tons of olive oil yearly, with about 90,000 tons coming from Spain and the rest from Morocco, Tunisia, and Turkey.

The world olive oil situation is currently tight with record high prices. With world market prices for olive oil higher than EC prices, Spain may be using this approach to bargain for prices nearer to world levels.

Argentine Cake and Meal Exports Continue To Expand

During the January-June 1973 period, Argentina's cake and meal exports rose to 287,700 metric tons (soybean-meal equivalent), compared with 160,900 tons during the same 9 months of 1971-72. The increase is equivalent to the protein fraction of 6 million bushels of soybeans.

Sunflowerseed meal exports at 160,400 tons (soymeal basis) accounted for nearly three-fifths of the increase. The 1973 sunflowerseed crop, harvested earlier in the year, is now officially estimated at 880,000 tons against 828,000 in 1972.

LIVESTOCK AND MEAT PRODUCTS

Australians Impose Export Charge on Meat

The Australian Government has announced a charge equal to 1.4 U.S. cents per pound on all meat exports during the period beginning October 1, 1973, and ending June 30, 1976. Part of the new budget, the charge is designed to offset some of the cost of meat inspection.

Details of Canada's Meat and Livestock Export Controls

Canada put domestic beef and pork under export control for an indefinite period, effective midnight, August 13, 1973. The new ruling regulates shipments of cattle and beef and hogs and pork, as follows:

Beef. Canada grades A and B carcasses of steers and heifers and sides, quarters, cuts, and boneless beef from grade A and B carcasses, and ungraded beef of like quality, are subject to individual export permits.

Boneless beef of a quality lower than B grade will move under general export permits.

Cattle. Feeder cattle and calves, slaughter cattle and calves, and purebred cattle will move normally at this time. Restrictions on exports of any class of cattle may be put into effect if the trade becomes excessively distorted.

Pork. Dressed carcass hogs and cuts therefrom require an export permit. Permits will be granted if the normal trading pattern is not distorted.

Hogs. Same as pork. Traditional exporters of sows, stags, and boars will be allowed to export under permit.

New Zealand Wool Producers Oppose New Selling Plan

New Zealand wool producers recently came out against a Government plan to make mandatory the sale through the Wool Marketing Corporation, a semi-Governmental body, of all wool produced in the country.

An electoral committee of the New Zealand Sheep and Cattlemen's Association voted into office on the New Zealand Meat and Wool Board 18 opponents of the plan out of a membership of 25. Despite this show of opposition, the Ministry of Agriculture and Fisheries has announced the Government will draw up legislation to enable the marketing organization to implement total wool acquisition by 1975.

The average price for New Zealand's greasy wool auctioned this past season was double the 1971-72 price, according to the Wool Marketing Corporation. Prices received in the season just ended averaged about 86 U.S. cents per pound, compared with 43 cents in 1971-72. Total sales in 1972-73 were 1,303,366 bales with a net weight of 442.5 million pounds for a gross return of US$398.5 million. Comparable figures for the 1971-72 season were 1,376,522 bales weighing 472.9 million pounds with a gross return of US$197 million.

Japan was a major buyer of New Zealand's wool.

Norway and Sweden Give Fertilizer, Slaughter Plant to India

Recent gifts to India by Norway and Denmark will benefit that country's crop and livestock segments.

The agreement with Norway will make available fertilizer worth US$8.9 million during a 3-year period beginning in 1973-74. Shipments in the current season will consist of about 32,000 metric tons of nitrogenous and phosphatic fertilizers with a US$3.7-million market value.

Since India produces only about half of its estimated annual requirement, estimated at approximately 1.7 million tons (nutrient basis), Norway's gift will release some of India's foreign exchange for other purposes. Fertilizer imports contracted for by early August reportedly totaled about 500,000 tons (nutrient basis).

Denmark will provide aid for a modern cattle slaughter plant in Mysore City in the form of equipment and spare parts totaling some US$1.4 million. In addition, the Danish Government will offer 6-month fellowships to two Indians to study cattle-slaughter technology in Denmark.

Other Foreign Agriculture Publications

- U.S. Tobacco Trade for Fiscal 1973 (FT–4–73)
- Production and Trade Prospects for Argentine Oilseeds and Their Products (FAS-M-253)

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FOREIGN AGRICULTURE

CANADA'S OILSEED CRUSHERS EXPAND OPERATIONS

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deliveries of rapeseed to the Board.

The test case involved one farmer who exceeded his rapeseed delivery quota set by the Board. However, the Board charges several hundred other producers have made overquota deliveries to the Lethbridge, Alberta, plant.

Because the Wheat Board controls the movement of grains and oilseeds through elevators, across Provincial boundaries, into railway cars, and at ports, the outcome of this case, which may have to go to the Canadian Supreme court for resolution, could affect the future course of rapeseed production, processing, movement, and marketing. It could also seriously undermine Alberta's plans to erect additional rapeseed crushing plants in the Province.

In another action, Canada's Prairie crushers won a partial victory that will help blunt the competitive edge held by crushers in the eastern Provinces. It came in the form of an interim ruling by the Canadian Transport Commission ordering Canada's railways to reduce freight rates for domestic and export shipments of rapeseed meal from Thunder Bay to points in the east. A final ruling will be made a year hence.

In making its ruling, the Commission said the old rates created an "unreasonable discouragement to the development of rapeseed processing in the Prairie Provinces." It noted that although rapeseed meal is less valuable than rapeseed, being the residue left after rapeseed is crushed to make rapeseed oil, meal was moved from Thunder Bay at higher prices than raw rapeseed.

Prairie crushers had also asked the Commission to reduce shipment charges for the movement of rapeseed oil for export and domestic use. The Commission agreed to lower the cost of shipping rapeseed oil to the east or west coast for export, but it refused to cut charges for shipping rapeseed oil to the eastern Provinces for domestic use. The Commission ruled rapeseed-oil shipment rates from the Prairie Provinces to those in the east compare favorably with tariffs for other vegetable oils.

The petition to change rapeseed oil and meal tariffs was submitted to the Commission by crushing companies in Saskatchewan, Alberta, and Manitoba. They were supported by the Governments of the three Provinces.

Mexican Grain Imports Set Record in 1972-73

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Although demand for sorghum has exceeded production in the last two seasons, imports have been limited by more competitive prices for other grains. In 1972-73, Mexico purchased 185,000 tons of sorghum, all from the United States. Imports during 1973-74 will continue to depend on prices relative to other grains.

Rice supplies tightened in 1972-73 with the 412,000-ton crop about 9 percent below earlier expectation and 4 percent below 1971 output. Heavy rains at harvesttime caused shattering and lodging, reducing yields in some areas by 9 percent.

Consumption inched down as rice availability declined, in spite of a recent purchase of 9,000 tons from Central America. This year, better yields should boost output slightly to possibly 436,000 tons. If supplies are available through imports, consumption is likely to gain some 10 percent over the current year's reduced level.

Many native Mexican foods feature edible beans—black, colored, and Bayo Gordo beans—which are in shorter supply because of the poor black bean harvest in January-March 1973. The second harvest, begun in June, remedied some of the shortfall, although edible bean imports of about 10,000 tons are likely in 1973-74.

—Based on a dispatch from
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